



**HOME BUILDERS ASSOCIATION OF CONNECTICUT, INC.**

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*Your Home  
Is Our  
Business*

March 2, 2011

To: Senator Steve Cassano, Co-Chairman  
Representative Linda M. Gentile, Co-Chairman  
Members of the Planning and Development Committee

From: Bill Ethier, Chief Executive Officer

Re: Senate Bill 130, AAC Land Value Taxation

**The HBA of Connecticut is a professional trade association with 1,100 member firms** statewide, employing tens of thousands of Connecticut citizens. Our members, all small businesses, are residential and commercial builders, land developers, home improvement contractors, trade contractors, suppliers and those businesses and professionals that provide services to our diverse industry. Our members build 70% to 80% of all new homes and apartments in the state each year.

**We support incentives for economic development and, therefore, support adopting land value taxation (LVT) authority for municipalities if it is done the right way.** LVT authorizes a different mill rate on developed land from undeveloped land (e.g., "buildings on land" versus "land or land exclusive of buildings"). Using the property tax system, it is a method for a municipality to promote development of areas or parcels the municipality wants to be developed or redeveloped. It has been used successfully to reinvigorate and encourage economic development in other jurisdictions.

**LVT should be a tool that can be used by any municipality**, which is why in prior years we did not fully support bills that authorized LVT for only urban areas. Smaller municipalities, even rural towns, may want to encourage the development of a village center or redevelopment of an old, abandoned mill or other buildings. **It should also be made clear that this new authority should be applied to specific areas or parcels of a municipality so a municipality can target its beneficial incentives to those particular properties or areas it would like to see developed.** LVT's benefit is that a municipality can target this particular incentive to specific properties or areas. It makes no sense to apply LVT throughout a municipality. So, if drafted, the language should be clear that municipalities need to choose specific areas where it wants to encourage development and on which to apply LVT.

Finally, the language of the proposed bill excludes farm land, forest land and open space land. **If left in such broad terms, there would be little left in some municipalities on which they could use this tool to encourage economic development.** Even if limited to lands that have received special tax classification under sec. 12-107a to 12-107f, you would remove from potential development lands that a municipality may want to convert to more intensive use. We urge you to delete this limitation from the bill. Thank you for considering our comments on this legislation.

*"Leading Our Members to Professional Excellence."*

**Serving the Residential Development & Construction Industry Through Advocacy, Education & Networking**